



Governor's Office of
Economic Development
Centers of Excellence

The purpose of the Centers of Excellence Program is to accelerate the commercialization of promising technologies that have strategic value for Utah. The end goal of the COE Program is to help drive economic development and job creation.

“Our Job is Jobs”

Some thoughts from the Director on the 2007-08 Centers of Excellence Program solicitation

Welcome to the 2007-08 Proposal Solicitation for the Centers of Excellence program of the State of Utah. This program is open to research teams at any of Utah's colleges and universities (public or private) and is designed to help accelerate the transition of technologies out of the university and into industry with the specific measured objective of creating great jobs in Utah.

Matching Funding and Source of Research:

The Centers of Excellence funds are NOT research funds, and projects which are primarily research, as opposed to commercialization, will not be competitive. These funds have a matching requirement that must be met with funds from either Federal or Industry Sources. As a statutory requirement, this cannot be waived. Proposals from doctoral granting institutions are required to provide 2 dollars in Federal or industry funds for each dollar of COE funding. Non-doctoral granting institutions are required to provide 1 dollar in Federal or industry funds for each dollar of COE funding.

University administered or controlled funding is NOT permissible as matching funds. Please visit <http://goed.utah.gov/COE/UpdatedProgramGuidelines.html> and review the updated policies and procedures (Feb 2006) to see details of these and other topics. The funds that are used as matching funds must be in a “related research area”. They are occasionally from a corporate source for the specific work of the Center commercialization project, but more often they are other Federal contracts in related areas. See section 4.2 of the proposal for more details.

The work to be accomplished in the COE proposal must be work that takes a technology that has been developed at one of Utah's colleges or universities (usually with Federal or industry funding) and helps to mature the technology to or toward product.

There are no restrictions on the type of technology that forms the foundation for a Center, however, some technologies clearly are more commercially viable or interesting than others, and the potential for job creation is a crucial distinguishing factor among proposals. It is important to note that the Utah Centers of Excellence program is also NOT the same as the Federal Centers of Excellence program which is designed to establish long term, usually multi-disciplinary Centers to accomplish specific research purposes. The Utah COE name is long standing, but please do not confuse these two very different programs.



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Licensing of Technology before becoming a Center of Excellence:

In some cases, the COE program has seen a proposal from a very interesting team, where the core technology to be supported by the COE grants has already been exclusively licensed to the proposing PI. Although commercialization is the goal of the program, the COE Advisory Council believes that part of the value of the program and of our companion business teams is to help determine “how” best the technology will go to market.

If the PI or other researcher has already licensed the technology, then there is no longer opportunity for determining the best method. In this context, **a proposal where the core technology has been exclusively licensed to the PI or member of the team or a company that is closely held by the PI and/or team is VERY UNLIKELY to be funded!** If you have any questions you can discuss them with your TCO licensing officer, all of which are very familiar with the program and/or with the COEP Director. To read more about the relationship of licensing to a spinout and a Center, please visit <http://goed.utah.gov/COE/UpdatedProgramGuidelines.html> and read **Centers support for licensed technologies.**

We have also had rare occasions where a proposing team is already selling a product “out of” the university and desires to transition out of the university and into industry. This is a delicate line and although the COE council will carefully consider these cases, if the “business” is too far along, it is also not suitable to be Center (but instead will be recommended to spin out and obtain private financing). The ideal proposal is 2-4 years from being “market ready.”

COEP is a Competitive Program:

The COE Program is a COMPETITIVE process and sometimes quality proposals will not be funded, simply because there are not sufficient funds to do so. However, usually there are issues with either the potential for job creation, market relevance of the technology, expected time to market or other issues. Please review the COE website, and all information to ensure that your proposal is appropriate for the COE program.

Licensing a COEP Supported Technology out of State:

Finally, in February of 2006, the Utah State Legislature modified the COE Statute (<http://goed.utah.gov/COE/documents/sb0112.pdf>) to include a “return of grant” provision when COE supported technologies are licensed to out of state companies, or a Utah-based company moves out of state within 5 years of the license of a COE supported technology. If your technology is unlikely to be commercially viable in Utah, and particularly if you have concrete plans to license it outside of the state, it is not suitable for the COE program.

Business Team Assistance:

The Centers of Excellence program has recognized that much of the proposal is based on “business issues”, rather than the traditional research capabilities of a research team. In this context, the COE Program provides what is called the “Business Team Grant” program.



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Awardees under this program do not receive direct funds, but rather, the COEP pays for 100 to 250 hours of consulting time from experienced technology business executives and entrepreneurs recruited from the business community for this purpose. The COEP offers two times for applying for this assistance. During the main solicitation, proposing teams can apply for a "Business Team Grant", which provides up to 250 hours of assistance over nearly a full year. In the fall, another "mini-solicitation" is held to invite more teams to apply for a business team, and due to time constraints, these awards are limited to 100 hours of assistance in proposal preparation.

What to expect:

The COE process is a competitive process. Although it is somewhat less competitive than Federal Research programs, it is quite a different process. Like a Federal program, each proposing team submits a proposal. However, in the COE review process, the review is conducted by a group of volunteer citizens, highly experienced members of Utah's high technology business community. They both represent the taxpayer and have hands on experience in the process of taking new products and technologies to market. They are not researchers and they hold the Centers of Excellence awardees to high expectations.

How the review process is conducted:

Once a pre-proposal and then proposal is received by the COE program that complies with requirements, a review meeting will be scheduled. The review meeting includes at least one in-person reviewer from the COE Advisory Council and ideally 2 (and frequently 3 or more), one representative from the Governor's Office of Economic Development, which is usually the Director of the COE program, barring any unexpected difficulties, along with the proposing PI. In addition, representatives of the TCO are always invited to attend, and the proposing team may invite any members of their team that they would like to attend the review meeting. Typically the meeting lasts for 1.5 to 2 hours and consists of a presentation by the PI to the reviewers and then extensive questions and discussion with the reviewers.

For the 2006-07 fiscal year, the COE program received over 40 pre-proposals and eventually conducted 36 complete review meetings all over the state. When possible, review meetings are done at the home institution of the proposing team, although occasionally teams are asked to meet at a central location to accommodate our reviewers' schedules.

Description of the 2006-07 process from presentation to the GOED Board

The COE Advisory Council is a group of experienced, seasoned technology industry executives, CEOs and CTOs, VPs and Senior Directors, who are interested in helping Utah and the Centers of Excellence Program. This year there were 31 reviewers, 18 of them new to the program this year. Together the Advisory Council contributed over 800 hours of volunteer time to the



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selection process. After completing reviews of 35 proposing teams, the reviewers met in 3 sub-committees. These are:

- Materials / Manufacturing / Environmental / Energy
- Information Technology/Software / IT/Hardware / Communications / Aerospace/Defense / Electronics/Electrical Devices
- Life Sciences / Other

Each sub-committee met to review those Centers in their collective area of expertise, in a 5-6 hour meeting. Long-time Council members told me this was an excellent process and allowed them to go even more deeply into the review for each Center.

Each sub-committee reviewed their Centers and then ranked them. The top 3 in each group were identified as “strongly recommended for funding”, some were identified as “not recommended for funding”, and then there was the middle “should be considered for funding”. With these three categories in hand, the full Council met on May 12th offsite for the final review and selection process.

At this point, the COE Advisory Council met as a group to review the entire slate of potential Centers and make the final funding recommendations. The Council reviewed the “top 9” recommendations from the sub-committees, 3 from each group. This also included the 2 companion spinouts which were selected for funding. Next the Council reviewed the recommendations for Business Teams and selected 3 of the 5 put forward by the sub-committees. Next, the Council reviewed, in detail, each of the remaining proposals that had been recommended for consideration by the sub-committees. This is one of the most difficult sets of decisions as the Council has to weigh many good choices and select among them.

2006-2007 Results Overview

Some statistics on the applicants and awardees are listed below.

Total Number of Proposals to COEP for 2006-2007	38
Total Number of REVIEWS for 06-07	35
Existing Centers Seeking Renewal	18
Proposals for New Centers	17
Proposals from BYU	4
Funded from BYU	3
Proposals from U of U	22
Funded from U of U	10
Proposals from USU	9
Funded from USU	3
Centers Funded	16



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Existing Centers Renewed	12
New Centers Funded	4
Companion Spinouts Funded	2
Centers with Business Team Grants	5
Total of Centers Supported for 2006-07	21
Graduating Centers from 2005-2006 year	2
Existing (05-06) Centers not renewed for 06-07	6
Centers by Technology Area	
Materials	3
Manufacturing	1
Environmental	1
Energy	1
Total of MMEE Sub-Committee	6
IT/Software	1
IT/Hardware/Communications	2
Aerospace/Defense	1
Electronics/Electrical Devices	2
Total of IT Sub-Committee	6
Life Sciences	4
Total of Life Sciences/Other Sub-Committee	4
Total Recommended for Funding	16



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Funding Summary 2006-07

Of the funds allocated by the legislature, 12 existing Centers and 4 new Centers will receive Direct Center Funding, which goes to make technical progress in move technology from the lab into products that can go to market. These Centers also receive a Business Team. In addition, two spinouts are recommended to receive an additional \$135,000 in funding (but Centers with a companion spinout will NOT receive a business team). Five (5) Proposing teams were selected to be assigned a Business Team to help further refine the “go to market” strategies for their technologies. Therefore, there will be 19 Business teams this year (16 Centers + 5 Business Team Grants– 2 Companion Spinouts) at an average budget of 25,000 each, with one Center recommended to receive \$40k in Business Team funding, for a total of \$490,000. The remaining funds, just under \$75,000 will go to fund the “pre-proposal business teams” which will eventually feed into the selection process for the 07-08 fiscal year.

Funds Allocated by the Legislature	\$3,000,000
Direct Center Funding (Technical Funding to 16 Centers)	\$ 2,300,069
Companion Spinout Funding	\$ 135,000
Business Team Funding*	\$ 490,000
Funding for 2007-08 pre-proposal Business Teams	\$ 74, 931
* Average estimated funding of approx. \$25,000 per Center customized based on Center needs. Paid and Managed by COEP	